



**Hundredth Legislature - Second Session - 2008
Committee Statement
LB 612**

Hearing Date: February 12, 2007
Committee On: Nebraska Retirement Systems

Introducer(s): (Nebraska Retirement Systems Committee)
Title: Redefine compensation for school employees retirement systems

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - Advanced to General File with Amendments
 - X Indefinitely Postponed
-

Vote Results:

6	Yes	Senators Erdman, Heidemann, Karpisek, Loudon, Synowiecki, White
	No	
	Present, not voting	
	Absent	

Proponents:

Jeremy Nordquist
Ken Babcock
Mike Dulaney
John Bonaiuto

Representing:

Nebraska Retirement Systems Committee
Lincoln Public Schools
Nebraska Council of School Administrators
Nebraska Association of School Boards

Opponents:

Representing:

Neutral:

Herb Schimek

Representing:

Nebraska State Education Association

Summary of purpose and/or changes:

LB 612 would change the definition of compensation used in the School Employees Retirement Act.

Currently, during the sixty months preceding retirement, an increase in a member’s compensation in excess of 7% of the member’s compensation for the proceeding year shall not be included in the calculation of compensation, unless the member experienced a substantial change in employment position, the additional compensation was the result of a collective-bargaining agreement, or the additional compensation was the result of a districtwide permanent benefit change for a category of school employee.

LB 612 would allow for an increase in the calculation of a member's compensation in excess of 7% if the member received an educational degree.

Background

The Legislature enacted LB 503 in 2005, which contained provisions intended to address what has commonly been referred to as "salary spiking" by school employees in anticipation of termination of employment for purposes of retirement. LB 503 implemented an annual compensation cap of 7% (for purposes of the retirement plan) for each of the last five years (60 months) of employment that precede actual retirement. In addition, if a member receives a compensation increase that exceeds 7% the employing school district is required to inform PERB that said member has received an increase exceeding the 7% cap. LB 612 would add an additional exemption to the 7% cap, allowing compensation in excess of 7% to be included if an employee received an educational degree.

Explanation of amendments, if any:

Senator John Synowiecki, Chairperson